

# February Meeting Summaries

**E-1, News Release**

## **FERC addresses rehearing requests concerning the Midwest ISO's proposed resource adequacy plan**

**E-2 and E-3, *Midwest Independent Transmission System Operator***, Docket Nos. ER08-394-004, 005, 006 and 008. In E-2 and E-3, the Commission acted on requests for rehearing of compliance orders and rehearing orders addressing the Midwest Independent Transmission System Operator's (Midwest ISO) proposed resource adequacy plan, as set forth in Module E of its Open Access Transmission and Energy Markets Tariff. These orders also addressed compliance filings that were made in these dockets.

## **FERC addresses the three-pivotal-supplier test in the PJM energy market**

**E-4, *PJM Interconnection***, Docket No. EL08-47-000. The Commission determined that there is not sufficient evidence to find under section 206 of the Federal Power Act that the three-pivotal-supplier test currently used in PJM Interconnection's (PJM) market power mitigation – a structural approach intended to identify those suppliers with the potential to exercise market power and to then provide competitive market results for those suppliers who are mitigated – is unjust and unreasonable. The three-pivotal-supplier test imposes a cap on offer prices (for most generators and for most of the time, incremental operating cost plus 10 percent) when, for any given hour, the generation supplier is one of three or fewer suppliers that are jointly pivotal, i.e., a cap on offer prices is imposed when generation necessary to serve load would not be available in the event that the three pivotal suppliers withhold their generation. The Commission, however, concluded that the application of price mitigation measures is unjust and unreasonable because those measures do not clearly define and fully account for the inclusion of unit-specific opportunity costs, particularly for energy- and environmentally-limited generation, in mitigated offer prices, and the Commission directed a compliance filing be submitted by July 31, 2009 that would propose an approach for dealing with this matter.

## **FERC approves Cinergy's internal reorganization**

**E-5, *Cinergy Corp., et al.***, Docket Nos. EC08-78-000 and EL08-61-000. The Commission conditionally approved an internal reorganization involving transfers of

certain of Duke Energy Ohio, Inc.'s generation facilities in Ohio to newly-formed subsidiaries as consistent with the public interest. The Commission also found that the proposed transaction is not barred under section 305(a) of the Federal Power Act.

**E-6 and E-7**, News Release

**FERC approves Midwest ISO's compliance filing related to the proposed Reliability Service and Seams Service**

**E-8**, *Midwest Independent Transmission System Operator*, Docket No. ER08-637-006. The Commission approved the Midwest Independent Transmission System Operator's (Midwest ISO) compliance filing related to the Commission's conditional acceptance of Midwest ISO's proposed Reliability Service and Seams Service. The Commission found that the Midwest ISO had complied with the order as to the treatment of flowgates and seams service protocols.

**FERC denies rehearing of mandatory reliability standard for nuclear plant interface coordination**

**E-9**, *Mandatory Reliability Standard for Nuclear Plant Interface Coordination*, Docket No. RM08-3-001. The Commission denied the New York Independent System Operator's (New York ISO) request for rehearing of the Reliability Standard for nuclear plant interface coordination. Specifically, the Commission rejected New York ISO's request that entities otherwise subject to the Nuclear Reliability Standard, which would include transmission providers that provide services relating to a nuclear plant generator operator's Nuclear Regulatory Commission licensing requirements, be permitted time and an opportunity to separately negotiate or appeal whether, as a factual matter, they provide services relating to a nuclear plant generator operator's Nuclear Regulatory Commission licensing requirements, and thus are subject to the Nuclear Reliability Standard. The Commission explained that New York ISO's request amounted to a challenge to the applicability of Reliability Standards outside the registry process contained in the North American Electric Reliability Corporation's Rules of Procedure, which already provides procedures for identifying and registering those entities subject to particular Reliability Standards. The Commission affirmed that no additional consent on the part of transmission providers was necessary for them to be subject to the Nuclear Reliability Standard.

**FERC accepts NERC's budget compliance filing**

**E-10**, *North American Electric Reliability Corp.*, Docket No. RR07-16-004. The

Commission conditionally accepted a compliance filing submitted by the North American Electric Reliability Corp. (NERC) in response to an earlier order which, among other things, asked for additional details about business plans and budgets for several regional entities. The Commission directed NERC to make a further compliance filing demonstrating that the Southwest Power Pool regional entity has reconciled its accounts and income, revenue and expenses with the NERC System of Accounts consistent with its delegation agreement.

### **FERC conditionally approves CAISO's revisions concerning MRTU market optimization software**

**E-11**, *California Independent System Operator Corp.*, Docket No. ER09-240-000. The Commission conditionally approved the California Independent System Operator's (CAISO) tariff revisions to adjust the parameters by which its market optimization software determines the extent to which non-priced variables are utilized in market clearing. The Commission concluded that the tariff change reasonably balanced the competing objectives of making use of economic bids to the maximum extent practicable on the one hand and utilizing other resources such as relaxed transmission constraints so as to prudently operate the grid on the other hand.

### **FERC conditionally accepts revisions to CAISO's MRTU proposal**

**E-12**, *California Independent System Operator Corp.*, Docket Nos. ER06-615-026 and ER07-1257-008. The Commission conditionally accepted for filing, subject to modification, proposed revisions to the California Independent System Operator Corp.'s (CAISO) current Tariff and the Market Redesign and Technology Upgrade (MRTU) Tariff. The CAISO's tariff filing includes modifications to tariff provisions addressing market power mitigation, Residual Unit Commitment process, Full Network Model, Congestion Revenue Rights, locational marginal pricing, Transmission Ownership Rights and Existing Transmission Contracts, metered subsystems, and participating load.

### **FERC accepts CAISO's proposed congestion revenue rights tariff revisions**

**E-13**, *California Independent System Operator Corp.*, Docket No. ER08-1059-001, *et al.* The Commission accepted for filing proposed tariff revisions related to the California Independent System Operator Corp.'s congestion revenue rights made in compliance with a previous order.

### **FERC accepts in part CAISO's exceptional dispatch proposal**

**E-14, *California Independent System Operator*, Docket Nos. ER08-1178-000 and EL08-88-000.** The Commission concluded an investigation under section 206 of the Federal Power Act (FPA) into the Exceptional Dispatch provisions of the California Independent System Operator's (CAISO) Market Redesign and Technology Upgrade (MRTU) Tariff. The Commission finds that Exceptional Dispatch is a just and reasonable mechanism for maintaining grid reliability under MRTU. The Commission accepts the CAISO's proposed Exceptional Dispatch compensation provisions. The Commission also rejects in part the proposed mitigation measures upon finding that the CAISO failed to show the potential to exercise market power, with two limited exceptions. Finally, pursuant to section 206 of the FPA, the Commission imposes a revenue cap on Exceptional Dispatch revenues during a four month transitional period following the implementation of MRTU to help facilitate a smooth transition to the new market.

**E-15, News Release**

**FERC grants unopposed motion to dismiss Con Edison Energy 2005 complaint as now moot**

**E-16, *Con Edison Energy, Inc. v. ISO New England Inc. and New England Power Pool*, Docket No. EL05-61-000.** The Commission granted the ISO New England's unopposed motion to dismiss Con Edison Energy's complaint, which had challenged monthly unforced capacity deficiency auctions, as moot since the concerns raised in the complaint were subsequently resolved through the creation of the Forward Capacity Market and subsequent orders approving its implementation.

**FERC denies rehearing of complaint regarding New York ISO's tariff**

**E-17, *330 Fund I, L.P. v. New York Independent System Operator*, Docket No. EL07-78-001.** The Commission denied 330 Fund's request for rehearing and affirmed an order denying a complaint against the New York Independent System Operator (New York ISO). That earlier order rejected 330 Fund's claims that New York ISO violated its open access transmission tariff by failing to provide information about a change in the point of interconnection for the "Seymour GTs," gas-turbine generating units owned by the New York Power Authority. Specifically, the Commission rejected arguments that the New York ISO violated its open access transmission tariff requirements concerning interconnection requests and accompanying queue procedures and reporting of information; the Commission found that the New York ISO's actions were consistent with its tariff.

**FERC denies rehearing, and accepts PJM regional transmission expansion planning**

## **compliance filing**

**E-18, *PJM Interconnection***, Docket Nos. ER06-1474-005 and ER06-1474-006. The Commission denied rehearing of, and accepted a compliance filing submitted in response to, an order which accepted in part, and rejected in part PJM Interconnection's (PJM) earlier compliance filing which revised its Regional Transmission Expansion Planning protocol to address PJM's planning process for economic transmission expansions. The Commission affirmed its earlier finding that, in planning for economic or so-called market efficiency transmission expansions, as opposed to reliability transmission expansions, PJM should consider the effect of transmission projects on the value of transmission or hedging rights (such as auction revenue rights and financial transmission rights, among others). Consistent with its findings on rehearing, the Commission accepted PJM's compliance filing. The Commission also noted that the discount rate to be used in the cost calculation could be, as PJM had proposed, the discount rate of the transmission owner rather than that of the generator, demand side resource, or load since it is the owner who will be constructing and/or financing the expansion and the costs of the expansion will be included in the owner's rate base.

## **FERC notified two public utilities that their market-based rate authorizations may be revoked**

**E-19, *Electric Quarterly Reports, Celeren Corp., FC Energy Services Co.***, Docket Nos. ER02-2001-010, ER06-1152-000 and ER07-1247-000. The Commission identified two public utilities with authority to sell power at market-based rates that failed to file their required Electric Quarterly Reports for the third quarter of 2008. The Commission notified these entities that the Commission will revoke their market-based rate authorizations unless they comply with the Commission's requirements within 15 days of the issuance of this order.

## **FERC accepts So Cal Edison's annual updates and rate adjustments**

**E-20, *Southern California Edison Co.***, Docket No. ER09-446-000. The Commission accepted Southern California Edison Co.'s revisions to its Transmission Owner Tariff implementing previously accepted annual updates and rate adjustments, suspended them for a nominal period, made them effective on March 1, 2009, subject to refund, and consolidated this docket with a related ongoing hearing.

## **FERC approves standards for natural gas pipeline business practices and electronic communications**

**G-1, *Standards for Business Practices for Interstate Natural Gas Pipelines***, Docket No. RM96-1-029. The Commission amended its regulations that establish business practice and electronic communication standards for interstate natural gas pipelines to incorporate by reference the most recent version (version 1.8) of standards adopted by the Wholesale Gas Quadrant of the North American Energy Standards Board (except for, consistent with past practice, two provisions that are inconsistent with the Commission's record retention requirements). The Commission explained that the updating, among other things, increased the efficiency of the pipeline grid by providing for a more seamless electronic marketplace and improved reporting on how pipelines determine gas quality.

**FERC approves settlement regarding Algonquin's gas quality and interchangeability provisions**

**G-2, *Algonquin Transmission***, Docket No. RP07-504-000. The Commission approved a contested settlement regarding proposed gas quality and interchangeability provisions on Algonquin Transmission system. The Commission determined that there was substantial evidence to support the settlement's proposed combined oxygen/nitrogen and C2+ standards and Wobbe Index range and that the objections of the opposing parties were unsupported, and that the agreed-to information posting requirements were just and reasonable.

**FERC denies rehearing of order issuing a preliminary permit to BPUS to study the Tionesta Dam Project in PA**

**H-1, *BPUS Generation Development and Forest County Hydroelectric Corp.***, Project Nos. 12897-001 and 13117-001. The Commission denied Forest County Hydroelectric Corp.'s (Forest County) request for rehearing of an order issuing a preliminary permit to BPUS Generation Development (BPUS) and denying a competing permit application from Forest County for a project to be located on Tionesta Creek in Forest County, Pennsylvania. The Commission denied rehearing because BPUS and Forest County are both non-municipal applicants and BPUS filed its preliminary permit application first.

**H-2, News Release**

**FERC denies rehearing of order approving amendment to the City of Hastings, Minnesota's hydroelectric project**

**H-3, *City of Hastings, Minnesota***, Project No. 4306-023. The Commission denied the Department of the Interior's rehearing request, provided clarification, and modified one article of an amendment order granting the City of Hastings, Minnesota's proposal to

install two 35-kilowatt hydrokinetic turbines in the tailrace of its existing project located at the U.S. Army Corps of Engineers' Lock and Dam No. 2 on the Mississippi River. The Commission rejected arguments that it should authorize the hydrokinetic array through issuance of a pilot license with a 3-5 year term.

**FERC denies rehearing of request to relocate a shoreline fishing and canoe portage area for a project in Connecticut**

**H-4, *McCallum Enterprises I***, Project No. 6066-034. The Commission denied rehearing of an order, which granted rehearing and denied for lack of supporting evidence a licensee request to relocate a project shoreline fishing and canoe portage area to a new downstream location. The project is located on the Housatonic River in the cities of Shelton and Derby in New Haven and Fairfield Counties, Connecticut. The Commission upheld the prior conclusion that the licensee failed to demonstrate that the new site would provide the same recreational opportunities as the existing site.